

THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

FEBRUARY 2, 1942

War requirements and active consumer demand are sustaining industrial and trade activity at high levels. Industrial production has expanded further as orders for essential equipment and supplies continue to increase. Operations against high priority placements are absorbing an increasing proportion of capacity, and output of heavy consumers' goods is being curtailed substantially further. Civilian orders in a wide variety of lines are showing a tendency to decline, owing to difficulties of getting delivery. Freight shipments have been heavy. Buying at wholesale is fairly active, and consumer demand at retail stores is strong. Prices are advancing and the areas of price control and rationing are becoming more extensive.

Factory operations in this District increased further from November to December when there is ordinarily some decline; gains were reported in both durable and nondurable lines. The output of crude oil and electric power also expanded and production of bituminous coal increased, contrary to seasonal expectations. Operations at anthracite mines declined in the month, reflecting heavy buying earlier in the year.

Building operations continue active. Declines appeared in residential and other nondefense construction, owing to governmental restrictions to conserve strategic materials, but erection of warehouses and other industrial structures has advanced.

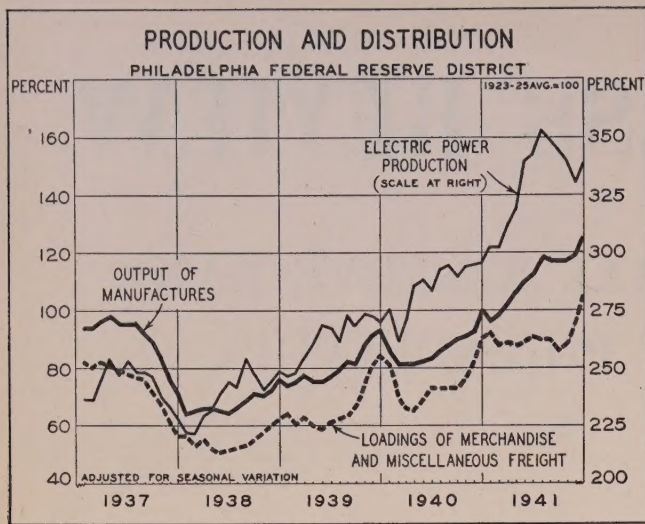
Incomes are still increasing. In Pennsylvania factories hourly earnings and working time have risen further, and employment is maintained at the high levels which have prevailed since last fall. In December factory employment was unchanged, al-

though there is usually some decline, while the number of workers in trade establishments increased seasonally. Preliminary reports indicate seasonal declines in factory employment and wage payments in January, the sharpest decreases being in nondurable lines.

The increased incomes currently being received are reflected in unusually active retail trade. The Christmas buying season was the heaviest since the late 1920's, and since the turn of the year sales have been unusually well sustained by anticipatory consumer buying.

As incomes and buying advance in the face of actual and prospective curtailment in supplies of civilian goods, prices are rising. The demand for bank credit to add to the supply of funds continues strong. Outstanding commercial loans at reporting banks in this District have shown some seasonal decline since December but are still substantially above a year ago. Investments in Government securities have increased further. Prices of short term Government and of corporate bonds in the market have advanced somewhat since the turn of the year. Quotations on longer term Treasury issues have been relatively steady. Prices of stocks have shown little change in quiet trading.

Manufacturing. The demand for factory products in this District continues strong. Emergency requirements are expanding rapidly, necessitating the diversion of an increasing proportion of materials and productive facilities to the manufacture of essential equipment. Purchases on civilian account have continued to decline. The growing difficulty of obtaining delivery within a reasonable period is re-

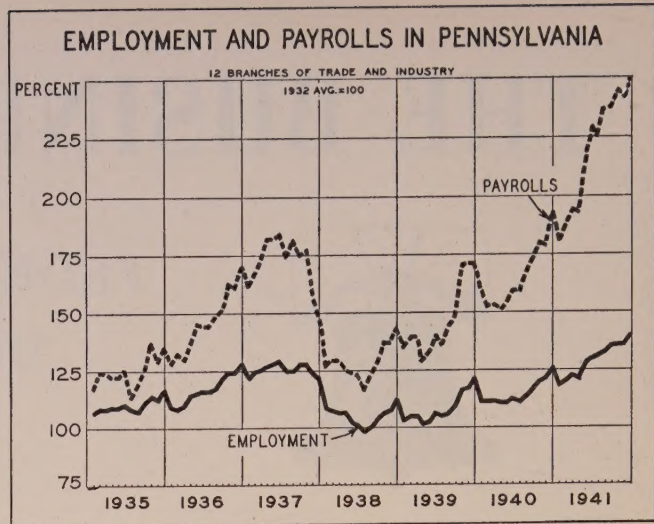


stricting inquiries, and in some instances outstanding orders have been canceled. Prices have advanced further in a number of lines and quotations generally are above the levels of a year ago.

Operations at plants producing essential supplies and equipment are being maintained at an exceptionally high rate, while production of a variety of nonessential items has slackened somewhat further. Unfilled orders remain at high levels in most heavy goods lines in spite of a steadily increasing volume of shipments. Backlogs at leather tanneries, certain textile mills, and a few establishments producing building materials are declining. Inventories of finished goods at reporting plants are continuing to decrease and in a number of lines are smaller than at this time last year.

Factory employment in Pennsylvania in December was sustained at the November peak of over 1,150,000 workers, while wage disbursements increased 3 per cent to a new high of about \$37,000,000 a week. Compared with a year ago employment showed an increase of 15 per cent and payrolls 36 per cent. In the twelve months ended December the number of employees averaged 1,100,000, or 18 per cent more than in 1940; payrolls in the period averaged \$32,800,000 a week, an increase of 41 per cent. Activity in December and throughout the year showed the greatest expansion in the heavy industries producing transportation equipment and a wide range of metal products. In January both employment and wage payments decreased seasonally, according to preliminary reports.

In durable goods lines the number employed in December was 25 per cent greater than a year earlier and the volume of wage disbursements

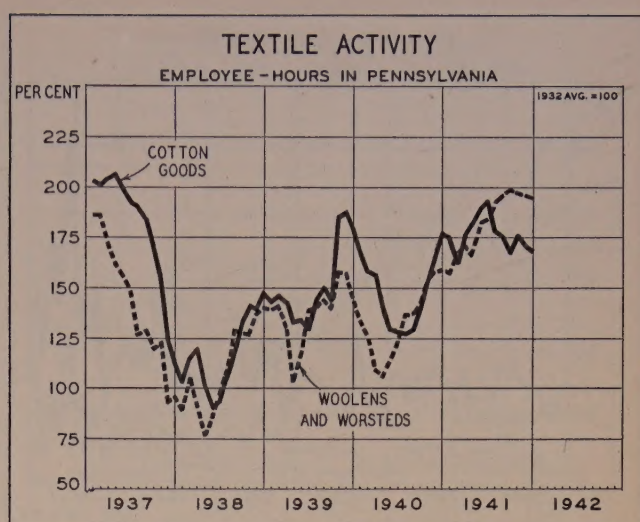
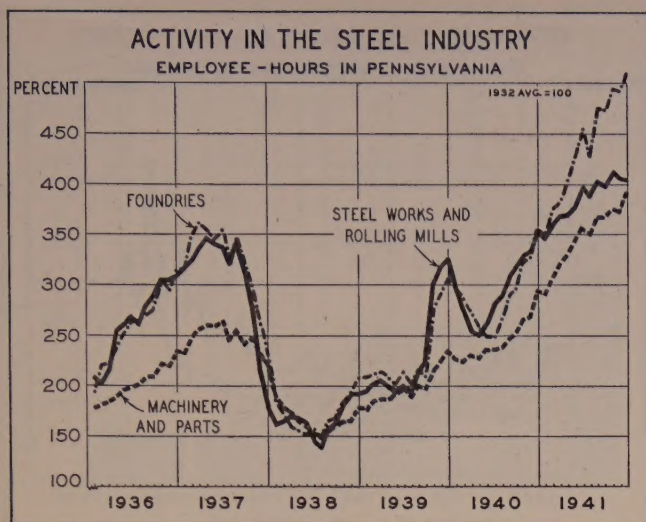


showed a gain of 45 per cent. In some lines payrolls were substantially more than double those of a year earlier. Employment and wage payments at establishments producing nondurable goods showed increases over December 1940 of 2 and 16 per cent respectively, some of the most pronounced gains occurring at woolen and worsted mills, canning factories, and tanneries.

Earnings of factory workers in Pennsylvania increased further in December to a new high average of 85 cents an hour, or 11 cents above the rate prevailing a year earlier. Working time expanded to 41.4 hours a week from 40.7 in November, and weekly income increased nearly \$1.00 to \$34.79, the highest in records back to 1923 and \$5.00 above December 1940.

At factories in both Delaware and southern New Jersey employment increased about 1 and payrolls 6 per cent from November to December. The number employed in Delaware factories during 1941 averaged 27 per cent more than a year earlier and the volume of wage disbursements was nearly 53 per cent greater. In southern New Jersey employment in the twelve months ended December was 17 per cent above the average for 1940 and wage payments were 46 per cent higher.

The output of factory products in this District expanded somewhat in December, instead of declining seasonally. On an adjusted basis operations increased 6 per cent to a level 25 per cent above a year ago, reflecting gains in both durable and nondurable goods lines. Over the past twelve months the sharpest expansion was in the heavy industries, where output averaged 50 per cent more than in 1940. In the case of lighter products, the increase in this period was 11 per cent.



Production and total sales of electric power increased somewhat more than seasonally from November to December and were 15 per cent greater than a year earlier. Sales to industries showed slightly more than the customary decline in the month but continued substantially greater than in December 1940.

Coal and other fuels. The industrial consumption of bituminous coal continues heavy, but sales of the fuel have slackened somewhat, reflecting in part heavy stocking in the summer and fall. The demand for anthracite was stimulated sharply by cold weather after the turn of the year. Prices of coal continue firm.

The production of Pennsylvania anthracite declined 5 per cent further to a daily average of about 158,000 tons in December, when activity usually increases. In only two years since 1904 has the output in December been smaller. Sharply curtailed operations in the late months of 1941 were due to the mild fall and anticipatory buying earlier in the year. The volume of hard coal mined in 1941 was 54,300,000 tons, compared with 51,500,000 tons in 1940 and an annual average of 52,400,000 tons in the period 1931-1940.

Stocks of bituminous coal in the hands of consumers and retailers have increased sharply since April to the highest level in over a decade. Production increased 11 per cent in December, contrary to seasonal expectations. Output in 1941, aggregating 122,700,000 tons, was 9 per cent above 1940 and the greatest since 1930.

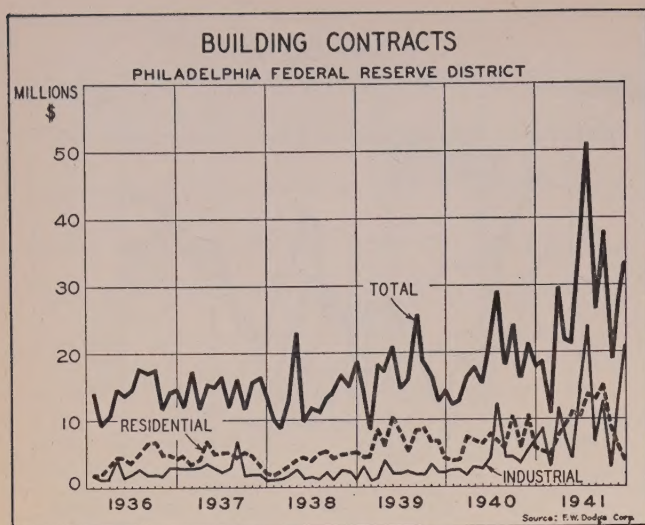
Activity at by-product coke ovens continued at a high level in December; production for the year was 8 per cent above 1940.

Building. Building activity in this District has been well sustained despite the scarcities of materials which are restricting the erection of residences and nondefense structures. Operations against existing contracts declined from November to December, but new awards for commercial buildings and public utilities expanded sharply. For the full year 1941, nearly all types of construction activity were well above 1940. Quotations on building materials have risen further to a level 20 per cent above August 1939.

New contract awards expanded 20 per cent in December to \$33,400,000, the largest for the month in records extending back through 1923. Awards for commercial structures increased very sharply. Declines were reported in all other lines except public works and utilities. The value of awards for one- and two-family houses was the smallest since early 1940; contracts for factory construction declined 58 per cent.

The dollar volume of contract awards last year aggregated \$335,900,000, or 52 per cent more than in 1940, and was the largest since 1929. The greatest gains were in awards for commercial and factory buildings, which accounted for nearly 39 per cent of total contracts as compared with 24 per cent in 1940.

Trade. Distributive activity has been unusually well sustained. Retail trade during the Christmas season was the most active in over a decade, and, owing to expanded consumer incomes and buying in anticipation of possible shortages, sales since the turn of the year have been substantially greater than in early 1941. The opening of new lines in

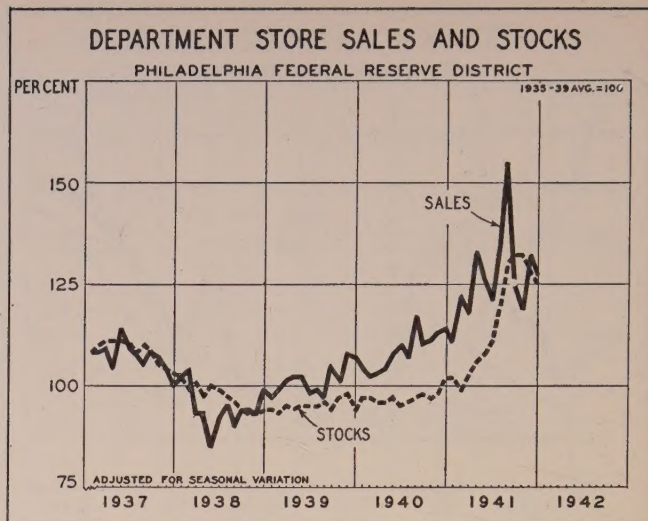


wholesale markets has resulted in a substantial volume of sales for future delivery, and fill-in orders are numerous. The movement of freight by rail recovered sharply from the reduced volume of the holiday weeks and continues considerably greater than a year ago.

Dollar sales by department stores in December were the heaviest for the month since 1929. The increase over November was somewhat less than usual in all reporting lines except shoes, but comparisons with December 1940 show volume uniformly larger, with increases ranging from 3 per cent at women's apparel stores to 12 per cent at department stores and 18 per cent at shoe stores. For the year as a whole, gains over 1940 averaged about 15 per cent.

Stocks of goods were reduced considerably in December, as is usual at this season. Declines were slightly more than seasonal at department and women's apparel stores and somewhat less than usual at shoe and credit stores. At the end of the month inventories in dollars were substantially larger than a year earlier in all lines, with increases ranging up to 39 per cent at credit establishments which specialize in durable consumers' goods. Outstanding orders placed by representative department stores declined further in December, but at the close of 1941 were still considerably heavier than a year earlier.

Wholesale trade continued active in December. Sales increased over November and were 26 per cent larger than a year ago. Total volume in 1941 exceeded 1940 by 35 per cent, owing largely to the exceptional volume of sales in the summer and

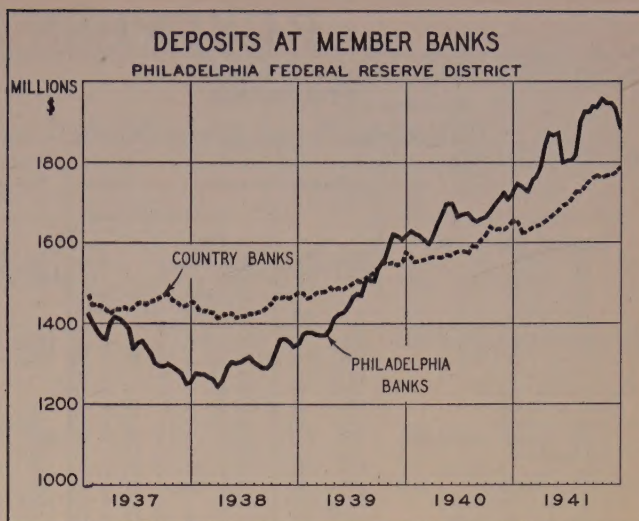
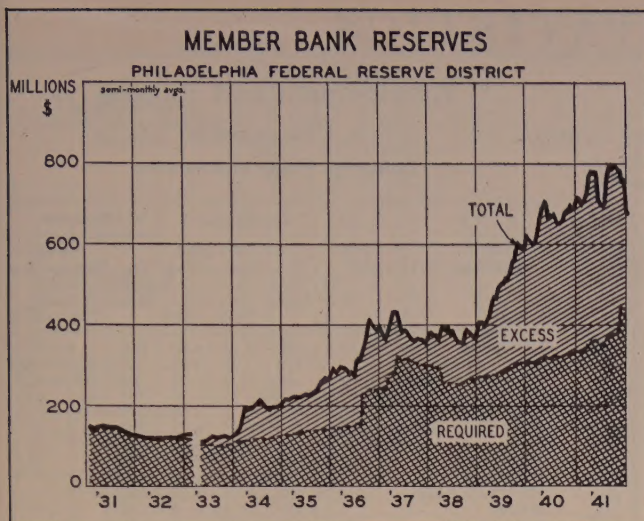


early fall. Comparisons of business in December with that of a year earlier show an increase of 68 per cent in sales of paper, and gains exceeding 30 per cent in dry goods and electrical supplies; small declines were reported in hardware and jewelry, but annual totals in these lines were sharply greater than in 1940.

In most lines of wholesale trade inventories did not change materially in December. Supplies expanded 20 per cent during 1941; increases were substantial in dry goods, electrical supplies, groceries, and paper, slight in the case of hardware, and in jewelry a substantial decline was reported.

The movement of rail freight in this section last year was 22 per cent larger than in 1940. Loadings in December were the heaviest for the month since the late 1920's and 16 per cent greater than a year ago. The decline from November was much less than seasonal, reflecting unusually well sustained shipments of ore and merchandise and miscellaneous freight. Declines in the case of coal, forest products, and livestock were somewhat greater than usual. The substantial increase in total loadings over December 1940 was due principally to sharp gains in ore, coke, grain, and manufactures. Shipments of coal showed only a small gain and the movement of livestock declined slightly. Recent reports continue to show substantially heavier loadings in the Philadelphia area than a year ago.

Sales of new passenger automobiles in this District in December were about the same as in November but less than one-half as large as a year ago. Total sales in 1941 were 4 per cent above 1940.



Banking conditions. The volume of bank credit outstanding in this District remains near the record level of late December. Loans have been reduced in the past month, partly through repayments on commercial advances, while investments of the reporting banks have been raised to a new peak by purchases of Government securities. Deposits have declined further, but remain considerably above a year ago, and reflect the higher rate of business activity in a more rapid turnover.

Reserves carried with the Federal Reserve Bank declined \$12 million to \$668 million in the four weeks ended January 21, and are \$44 million less than a year ago. In the first half of January these balances exceeded requirements by more than 50 per cent at both Philadelphia banks and the country member banks in this District. Large unused balances are also held with correspondents.

The decline in member bank reserves over the past several weeks has been due chiefly to losses in commercial and financial transactions with other Districts and to a decline in Reserve Bank float with the passing of the holidays. Support was given to reserves by the return of money from circulation, but the inflow was smaller than a year ago and less than was to be expected in view of the heavy demand before Christmas. Treasury operations supplied \$4 million to the market. Large amounts were received by the Government from sales of savings and tax securities, but tax collections declined sharply and disbursements were maintained at a high level.

Discounts at this Bank for member banks have dropped below \$1 million and outstanding industrial advances to provide working capital continue to approximate \$3½ million. The participation

of the Federal Reserve Bank in the System Open Market Account increased \$0.7 million to nearly \$178 million.

Loans and investments of the reporting member banks totaled \$1,412 million on January 21, as compared with \$1,415 million on December 24. Loans were reduced \$12 million, reflecting in part seasonal influences. Commercial advances decreased \$6 million to \$289 million, but are still 24 per cent above a year ago and 56 per cent larger than in August 1939. Declines also have been reported recently in brokers' borrowings and in the miscellaneous advances which include direct instalment and personal loans to individuals.

Investments have increased \$126 million in the past year to \$863 million, a new high point. Expansion of \$9 million since Christmas reflects heavier holdings of governments. The investment in Treasury bills was increased \$4 million to \$21 million and holdings of United States bonds were raised \$11 million to \$444 million, partly through exchange of Treasury notes and guaranteed securities for the new 2 per cent bonds of 1949-51. The portfolio of corporate and municipal securities declined slightly in the month and is somewhat smaller than a year ago.

Deposits aggregating \$1,942 million at the reporting banks on January 21 were still considerably larger than a year earlier, but showed declines of \$14 million in the past month and about \$100 million in comparison with the record high of last September. Balances held for other banks recovered from the low point in December, but this gain was more than offset by substantial withdrawals from time deposits of individuals and business concerns and by payments from the demand balances of states and local governments.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Employment and Income

in Pennsylvania

Industry, Trade and Service

	Adjusted for seasonal variation						Not adjusted		
				Per cent change					
				Dec. 1941 from		1941 from 12 mos. 1940			
	Dec. 1941	Nov. 1941	Dec. 1940	Mo. ago	Year ago		Dec. 1941	Nov. 1941	Dec. 1940
Indexes: 1923-5=100									
INDUSTRIAL PRODUCTION	123p	117	101	+ 5	+ 22	+ 25	120p	118	98
MANUFACTURING	125p	119	100	+ 6	+ 25	+ 28	121p	120	97
Durable goods	165p	157	115	+ 5	+ 44	+ 50			
Consumers' goods	98p	91	89	+ 7	+ 9	+ 11			
Metal products	156	147	123	+ 6	+ 26	+ 43	149	147	117
Textile products	82p	76	83	+ 8	+ 1	+ 13	78p	77	80
Transportation equipment	297	281r	150	+ 6	+ 98	+ 92	303	274	151
Food products	94p	94	83	0	+ 14	+ 11	93p	95	82
Tobacco and products	151	113	100	+33	+ 51	+ 10	109	135	73
Building materials	60	57	51r	+ 6	+ 17	+ 26	55	56r	47
Chemicals and products	163p	164	140	+ 1	+ 16	+ 13	160p	164	139
Leather and products	127p	138	109r	- 9	+ 16	+ 18	120p	132	103r
Paper and printing	97	94	91	+ 3	+ 6	+ 4	98	95	92
Individual lines									
Pig iron	111	104	91	+ 6	+ 21	+ 23	110	105	90
Steel	133	131	116	+ 2	+ 14	+ 30	125	126	109
Iron castings	113	99	87	+15	+ 31	+ 34	105	100	80
Steel castings	197	194	141	+ 2	+ 40	+ 64	190	181	135
Electrical apparatus	210	189r	146	+11	+ 44	+ 63	203	200r	142
Motor vehicles	57	48	34	+18	+ 68	+112	45	42	27
Automobile parts and bodies	130	139	116	- 6	+ 12	+ 39	128	127	114
Locomotives and cars	86	87r	46	- 1	+ 85	+ 80	86	81r	46
Silk manufactures	71	71r	78	0	- 9	+ 11	72	71	79
Woolens and worsteds	86	74	71	+16	+ 21	+ 34	80	79	66
Cotton products	50	51	51	- 3	- 3	+ 20	54	54	55
Carpets and rugs	109	91	116	+20	- 5	+ 8	105	102	111
Hosiery	90	74	94	+22	- 4	+ 2	87	84	91
Underwear	145	152	136	- 4	+ 7	+ 12	144	153	135
Cement	95	89	75	+ 6	+ 27	+ 25	78	87	61
Brick	71	67r	62	+ 6	+ 14	+ 44	69	67	60
Lumber and products	34	32	32	+ 6	+ 7	+ 12	33	32	31
Bread and bakery products				- 4*	+ 6*	+ 6*	97	100	92
Slaughtering, meat packing	102	95	105	+ 7	- 3	- 5	109	105	113
Sugar refining	106	126	69	-15	+ 53	+ 5	69	82	45
Canning and preserving	97p	94	70	+ 3	+ 39	+ 36	101p	103	71
Cigars	151	112	99	+35	+ 53	+ 10	109	134	71
Paper and wood pulp	90	90	79	0	+ 14	+ 8	91	90	80
Printing and publishing	98	95	93	+ 3	+ 5	+ 3	99	96	94
Shoes	156	153	137	+ 2	+ 13	+ 17	132	144	117
Leather, goat and kid	99p	125	82r	-20	+ 21	+ 20	108p	121	90r
Paints and varnishes	101	93r	88	+ 7	+ 14	+ 15	97	96	85
Petroleum products	193p	204	170	- 5	+ 14	+ 6	190p	205	169
Coke, by-product	148p	155	150	- 4	- 1	+ 8	144p	149	146
COAL MINING	60p	64	70r	- 6	- 15	+ 5	63p	66	74r
Anthracite	56p	62	69r	-10	- 19	+ 6	59p	63	73r
Bituminous	91	78r	82	+16	+ 11	+ 9	95	86r	86
CRUDE OIL	477	449	445	+ 6	+ 7	- 2	448	436	418
ELEC. POWER-OUTPUT	339	331	295	+ 2	+ 15	+ 16	362	345	315
Sales, total	342	338	298	+ 1	+ 15	+ 17	352	348	307
Sales to industries	266	268	229	- 1	+ 16	+ 24	252	273	218
BUILDING CONTRACTS									
TOTAL AWARDS†	96	105	66	- 8	+ 45	+ 50	107	115	74
Residential†	55	77	64	-28	- 13	+ 41	54	86	62
Nonresidential†	140	122	76	+15	+ 86	+ 95	152	122	82
Public works and utilities†	132	155	73	-15	+ 81	+ 3	158	178	87

* Unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

p—Preliminary.

r—Revised.

Local Business Conditions*

Percentage change—December 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940
Allentown	0	+ 8	+ 2	+32	+ 232	+ 157	+51	+15	+ 19	+24
Altoona	-1	+20	+15	+38	- 14	+119	+50	+15	+ 14	+ 1
Harrisburg	0	+19	+ 3	+36	+ 6	+234	+48	+13	+35	+35
Johnstown	0	+16	- 1	+31	+140	- 13	+56	+11	+12	+33
Lancaster	-2	+12	+ 1	+33	+ 33	+1226	+42	+16	+ 20	+28
Philadelphia	0	+22	+ 4	+49	- 37	- 51	+38	+10	+ 41	+29
Reading	0	+ 8	+ 2	+29	- 22	- 32	+42	+17	+ 24	+ 3
Scranton	0	+ 6	+ 3	+15	+ 19	- 6	+58	+ 6	+38	+27
Trenton	+3	+ 4	+ 7	+23	- 24	+129	+41	+ 7	+22	+ 8
Wilkes-Barre	+1	+24	+11	+75	- 34	- 4	+41	+14	+ 20	+15
Williamsport	-1	+17	+ 1	+42	+1103	- 54			+ 17	+20
Wilmington	0	+26	+ 6	+54	- 65	- 85	+62	+10	+112	+17
York	-2	+ 4	+ 4	+23	- 14	- 79	+57	+16	+ 35	+38

* Area not restricted to the corporate limits of cities given here.

	Employment and Income					
	Employment			Payrolls		
	Dec. 1941 index	Per cent change from Nov. 1941	Dec. 1940	Dec. 1941 index	Per cent change from Nov. 1941	Dec. 1940
Indexes: 1932=100						
GENERAL INDEX	140	+ 2	+10	250	+ 3	+29
Manufacturing	173	0	+15	342	+ 3	+36
Anthracite mining	65	- 2	- 4	62	-14	-15
Bituminous coal mining	106	0	- 2	323	+ 6	+36
Building and construction	60	- 7	+14	111	- 4	+32
Quar. and nonmet. mining	119	- 4	+12	307	- 1	+41
Crude petroleum prod.	142	+ 2	+ 5	187	+ 2	+18
Public utilities	105	0	+ 5	127	+ 1	+12
Retail trade	153	+18	+ 3	187	+17	+ 8
Wholesale trade	128	+ 1	+ 5	148	+ 2	+11
Hotels	101	- 2	+ 1	129	- 4	+ 5
Laundries	115	+ 1	+ 9	160	+ 1	+17
Dyeing and cleaning	104	- 4	+ 3	135	- 9	+11

Manufacturing

	Employment*				Payrolls*			
	Dec. 1941 index		Per cent change from Nov. 1941		Dec. 1941 index		Per cent change from Nov. 1941	
	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940	Nov. 1941	Dec. 1940
Indexes: 1923-5=100								
TOTAL	111	0	+15	139	+ 3	+36		
Iron, steel and products	118	+1	+23	193	+ 2	+42		
Nonferrous metal products	182	0	+28	289	+ 8	+45		
Transportation equipment	99	-2	+38	137	+11	+72		
Textiles and clothing	93	-1	0	105	0	+16		
Textiles	85	-1	- 3	97	+ 1	+14		
Clothing	127	-1	+ 8	144	- 3	+22		
Food products	117	-2	+ 7	135	- 1	+15		
Stone, clay and glass	99	0	+12	121	+ 4	+24		
Lumber products	65	-2	- 2	73	- 1	+11		
Chemicals and products	114	0	+15	152	+ 1	+30		
Leather and products	97	-1	+ 9	113	0	+27		
Paper and printing	108	0	+ 8	131	+ 4	+19		
Printing	95	0	+ 4	115	+ 5	+14		
Others:								
Cigars and tobacco	74	0	+11	73	- 1	+19		
Rubber tires, goods	96	-4	+ 9	144	+ 1	+27		
Musical instruments	73	-1	+ 7	97	+ 2	+ 1		

* Figures from 2,879 plants.

Hours and Wages

Factory Workers Averages December 1941 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	41.4	+3	\$.848	+15	\$34.79	+18
Iron, steel and prod.	42.2	+1	.938	+15	39.55	+16
Nonferrous metal prod.	41.9	+2	.758	+11	31.76	+14
Transportation equip.	45.8	+7	.966	+18	44.25	+27
Textiles and clothing	37.4	+4	.605	+13	22.56	+18
Textiles	38.2	+6	.623	+15	23.76	+21
Clothing	35.6	+2	.557	+ 9	19.76	+ 9
Food products	40.8	+1	.652	+ 8	26.92	+ 9
Stone, clay and glass	38.1	+1	.798	+10	30.26	+10
Lumber products	40.6	+2	.604	+ 2	24.20	+ 4
Chemicals and prod.	39.4	+1	.917	+12	35.64	+13
Leather and products	38.6	+2	.611	+11	23.68	+14
Paper and printing	41.3	+4	.770	+ 5	32.62	+10
Printing	39.4	+6	.936	0	37.88	+ 9
Others:						
Cigars and tobacco	37.8	-2	.485	+ 7	18.31	+ 5
Rubber tires, goods	40.0	+6	.774	+ 5	30.93	+11
Musical instruments	45.6	-9	.759	+ 4	34.63	- 5

* Figures from 2,645 plants.

† Figures from 2,879 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Dec. 1941 from		1941 from 1940
	Month ago	Year ago	
Sales			
Total of all lines.....	+ 7	+26	+35
Boots and shoes.....	- 2	- 1	.....
Drugs.....	+17	+12	.....
Dry goods.....	- 6	+36	+41
Electrical supplies.....	+11	+32	+64
Groceries.....	+12	+22	+19
Hardware.....	+ 2	- 5	+45
Jewelry.....	+25	- 1	+40
Paper.....	- 2	+68	+39
Inventories			
Total of all lines.....	- 3	+20	.....
Dry goods.....	- 1	+20	.....
Electrical supplies.....	+ 4	+24	.....
Groceries.....	+ 2	+39	.....
Hardware.....	0	+ 2	.....
Jewelry.....	-26	-21	.....
Paper.....	0	+24	.....

Source: U. S. Department of Commerce.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Dec. 1941	Nov. 1941	Dec. 1940	Per cent change		1941 from 1940	Dec. 1941	Nov. 1941	Dec. 1940
				from					
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	127p	132	113r	- 4	+12	+16	237p	168	212
Philadelphia.....	123	127	112r	- 3	+10	+16	236	169	213
Women's apparel.....	105p	109	102r	- 4	+ 3	+ 9	172p	124	166r
Men's apparel.....	136p	142	122r	- 4	+11	+14	227p	157	204r
Shoe.....	125p	125	106r	0	+18	+18	149p	122	126r
Credit.....	126	140	118r	-10	+ 7	+14	204	176	191r
Inventories									
Department stores—District.....	125p	127	102r	- 2	+22	.....	114p	154	93
Philadelphia.....	113	119	97r	- 5	+17	.....	106	144	91
Women's apparel.....	128p	130r	104r	- 1	+23	.....	119p	153r	96r
Shoe.....	112p	107	97r	+ 5	+16	.....	104p	114	90
Credit.....	161	151	115r	+ 6	+39	.....	148	170	106r
FREIGHT-CAR LOADINGS									
Total	163	146	140	+12	+16	+22	136	146	120
Merchandise and miscellaneous.....	162	147	139	+10	+16	+23	140	146	121
Merchandise—l.c.l.....	111	108	102	+ 3	+ 9	+13	106	112	97
Coal.....	121	124	118	- 2	+ 3	+17	128	135	125
Ore.....	446	254	306	+75	+46	+27	107	198	74
Coke.....	187	183	162	+ 2	+16	+29	196	189	170
Forest products.....	125	133	114	- 6	+ 9	+37	110	126	101
Grain and products.....	120	114	98	+ 4	+22	+ 9	122	131	100
Livestock.....	102	104	104	- 2	- 2	- 4	109	120	111
MISCELLANEOUS									
Life insurance sales.....	152	124	100	+22	+52	+14	159	132	105
New passenger auto. registrations.....	.....	.....	.....	0*	-54*	+ 4*	74	74	160
Hotels—(1934 = 100).....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Occupancy.....	.....	.....	.....	-14*	+ 7*	+ 8*	98p	115	91
Income, total.....	.....	.....	.....	-15*	+ 6*	+ 9*	119p	140	111
Business liquidations.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Number.....	.....	.....	.....	+10*	-24*	-13*	97	88	128
Amount of liabilities.....	.....	.....	.....	-41*	- 5*	+ 5*	44	73	46
Check payments.....	163	151	134	+ 8	+21	+26	176	162	145

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

Prices	Dec. 1941	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100).....	158	+3	+35	+58
Wholesale (1926 = 100)	94	+1	+17	+25
Farm.....	95	+5	+36	+55
Food.....	90	+1	+23	+35
Other.....	94	0	+11	+17
Living costs (1935-1939 = 100)				
United States.....	110	0	+10	+12
Philadelphia.....	109	0	+10	+11
Food.....	110	+1	+16	+18
Clothing.....	114	0	+13	+15
Rent.....	106	0	+ 2	+ 3
Fuels.....	103	0	+ 5	+ 7
Housefurnishings.....	115	0	+13	+15
Other.....	108	0	+ 6	+ 7

Source: U. S. Bureau of Labor Statistics.

BANKING STATISTICS

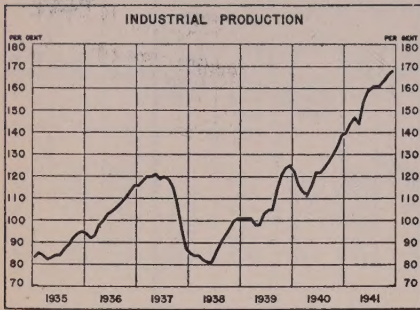
MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Jan. 21, 1942	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 289	-\$ 6	+\$ 55*
Open market paper.....	42	+ 1	+ 9
Loans to brokers, etc.....	26	- 3	+ 2
Other loans to carry secur.....	33	+ 1	+ 1
Loans on real estate.....	49	- 2	- 1
Loans to banks.....	.....	.....	- 1
Other loans.....	110	- 3	+ 8*
Total loans.....	\$ 549	-\$12	+\$ 73
Government securities.....	\$ 492	+\$13	+\$122
Obligations fully guar'eed.....	104	- 2	+ 14
Other securities.....	267	- 2	- 10
Total investments.....	\$ 863	+\$ 9	+\$126
Total loans & investments	\$1,412	-\$ 3	+\$199
Reserve with F. R. Bank.....	466	- 11	- 71
Cash in vault.....	25	- 1	+ 2
Balances with other banks.....	200	0	- 22
Other assets—net.....	68	- 6	- 12
Liabilities			
Demand deposits, adjusted.....	\$1,254	-\$ 9	+\$156
Time deposits.....	200	- 23	- 60
U. S. Government deposits.....	31	- 1	+ 22
Interbank deposits.....	457	+ 19	- 19
Borrowings.....	.....	.....	.....
Other liabilities.....	13	- 5	- 2
Capital account.....	216	- 2	- 1

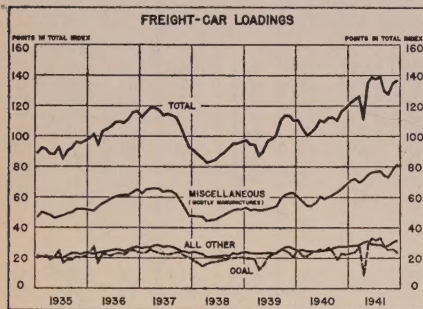
* Revised.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Dec. 31	Jan. 7	Jan. 14	Jan. 21	
Sources of funds:					
Reserve Bank credit extended in District.....	-19.0	+ 6.6	+ 2.9	- 2.0	-11.5
Commercial transfers (chiefly interdistrict).....	+ 5.1	- 9.3	+ 8.2	-16.5	-12.5
Treasury operations.....	-18.3	+ 9.6	+ 8.6	+ 3.9	+ 3.8
Total.....	-32.2	+ 6.9	+19.7	-14.6	-20.2
Uses of funds:					
Currency demand.....	-10.4	- 4.3	- 1.8	- 1.2	-17.7
Member bank reserve deposits.....	-18.5	+12.3	+ 5.6	-11.1	-11.7
"Other deposits" at Reserve Bank.....	- 2.9	- 1.0	+15.9	- 2.2	+ 9.8
Other Federal Reserve accounts.....	- 0.4	- 0.1	- 0.0	- 0.1	- 0.6
Total.....	-32.2	+ 6.9	+19.7	-14.6	-20.2
Member bank reserves					
Daily averages: (dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired	
Phila. banks:					
1941: Dec. 1-15.....	\$536.1	\$303.1	\$233.0	77%	
Dec. 16-31.....	461.2	295.4	165.8	56 "	
1942: Jan. 1-15.....	449.4	.....	.....	.....	
Jan. 1-15.....	513.9	232.0	281.9	122 "	
Country banks:					
1941: Dec. 1-15.....	223.5	140.9	82.6	59 "	
Dec. 16-31.....	219.7	144.4	75.3	52 "	
1942: Jan. 1-15.....	223.8	.....	.....	.....	
Jan. 1-15.....	201.7	103.3	98.4	95 "	
Federal Reserve Bank of Phila. (Dollar figures in millions)					
Jan. 21, 1942					
Changes in—					
Four weeks					
One year					
Bills discounted.....	\$ 0.8	-\$ 0.2	+\$ 0.3		
Bills bought.....	0	0	0		
Industrial advances.....	3.6	+ 0.0	+ 1.5		
U. S. securities.....	177.7	+ 0.7	+ 2.8		
Total.....	\$182.1	+\$ 0.5	+\$ 4.6		
Note circulation.....	574.8	- 3.4	+171.0		
Member bk. deposits.....	668.4	-11.8	- 44.0		
U. S. general account.....	26.8	-59.6	+ 9.2		
Foreign bk. deposits.....	67.8	- 9.2	- 8.8		
Other deposits.....	25.1	+ 9.8	+ 4.2		
Total reserves.....	1204.8	-63.5	+127.4		
Reserve ratio.....	88.4%	+ 0.1%	+ 0.9%		

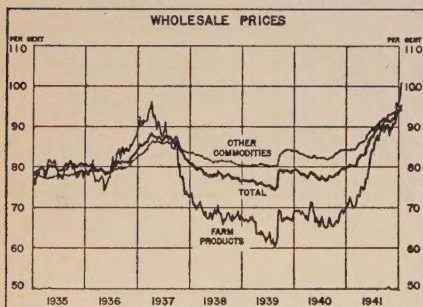
National Summary of Business Conditions



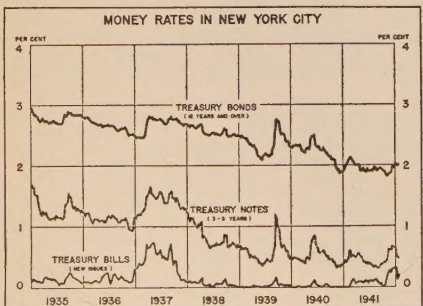
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1935 to December 1941.



Federal Reserve index of total loadings of revenue freight, adjusted for seasonal variations, 1935-1939 average=100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to December 1941.



Bureau of Labor Statistics' indexes, 1926=100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending January 17, 1942.



Weekly averages of daily yields of 3-5-year tax-exempt Treasury notes, Treasury bills, and Treasury bonds, from 1935 to 1941.

Industrial activity declined less than seasonally in December and the first half of January, retail trade continued in large volume, and prices of many commodities rose further.

PRODUCTION

In December, total volume of industrial output declined less than is usual at this season and the Board's adjusted index rose further to 168 per cent of the 1935-1939 average. In the armament industries output continued to advance and at machinery plants activity rose sharply, following little change in November. Output of materials, such as iron and steel and nonferrous metals, continued at peak levels and lumber production showed less than the usual seasonal decrease. Automobile production declined sharply in the latter half of December, following announcement of sharp reductions in passenger car quotas, but early in January quotas for that month were increased and output rose considerably. Sales of new automobiles to civilians were halted at the beginning of January, pending the establishment of a rationing system.

Textile production declined somewhat in December, owing to a reduction in activity at cotton mills from the record level reached in November. Output of wool and rayon textiles was sustained at about capacity. Output of manufactured food products and shoe production showed about the customary seasonal declines. Coal output decreased somewhat in December, while petroleum production and mining of nonferrous metals were maintained at the high November rate.

Value of construction contracts awarded in December declined less than is usual at this time of year, according to figures of the F. W. Dodge Corporation. Awards for public projects showed little change, while those for residential construction declined less than seasonally following a considerable reduction in November.

DISTRIBUTION

Volume of retail trade, which had been large during most of the autumn, increased less than seasonally in December. This reflected to some extent a temporary slackening in sales around the middle of the month following this country's entry into the war. In the first half of January, sales at department stores showed less than the customary sharp reduction from the Christmas buying peak and were at a level substantially higher in comparison with a year ago than that prevailing in other recent months.

Freight-car loadings of most products decreased by less than the customary seasonal amount in December. Coal shipments declined considerably in the latter part of the month but then increased sharply in the first half of January. Shipments of miscellaneous freight, which includes most manufactured products, were maintained in large volume for this season of the year.

COMMODITY PRICES

Wholesale commodity prices increased sharply when this country entered the war early in December and then showed little change during the latter half of the month. In the first half of January, prices again advanced, the principal increases being in agricultural commodities and chemicals.

Federal action to impose maximum prices was accelerated with the outbreak of war and applied on a wider scale to industrial products. Ceilings were extended to products in later stages of production and distribution and in most instances covered consumers' goods. Certain of the actions, like those relating to rubber and wool products, were associated with new Federal production restrictions. In this period also there were advances in a number of price ceilings established earlier.

BANK CREDIT

Total loans and investments of banks in leading cities, which had advanced sharply during the first half of December, have subsequently shown little further change.

Treasury financing in the middle of December and heavy currency withdrawals during the holiday season absorbed close to 700 million dollars of excess reserves during the month. About 500 million of this was recovered in the first half of January, as the result of a decline in Treasury deposits at the Reserve Banks and a return of currency from circulation. Recent changes in excess reserves have been almost entirely at banks outside of New York City.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of Government securities were steady in the first half of January, following a decline in December after the entry of the United States into war.